

# CONNECTICUT CONSTRUCTION INDUSTRIES ASSOCIATION, INC.



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## Senate Bill 1133, An Act Concerning Preferences for Connecticut Companies in State and Municipal Contracting

March 19, 2013

### Public Hearing, Committee on Commerce

Connecticut Construction Industries Association, Inc. (CCIA) represents the commercial construction industry in the state and seeks to advance and promote a better quality of life for all citizens in the state. Formed 80 years ago, CCIA is an organization of associations, where all sectors of the commercial construction industry work together to advance and promote their shared interests. CCIA is comprised of more than 300 members, including contractors, subcontractors, suppliers and affiliated organizations representing many sectors of the construction industry. CCIA members have a long history of providing quality work for the public benefit.

AGC of Connecticut is the building division of CCIA, representing 150 commercial, industrial, and institutional construction contractors, subcontractors, material suppliers and professionals serving the Connecticut construction industry. AGC of Connecticut is a chapter of AGC of America. Other divisions that would be affected by this bill include the Connecticut Road Builders Association, and the Connecticut Environmental & Utility Contractors Association.

Senate Bill 1133, An Act Maximizing Jobs for State Workers by Requiring Plans of Local Hiring by Construction Companies would increase by the percent preference for in-state bidders by one-half of one percent in the award of state contracts and allow municipalities to enact a preference for supplies, materials and equipment produced, assembled or manufactured in the state and services originating and provided in the state. We are concerned about adopting a percentage preference for in-state bidders because it could erode the ability of Connecticut-based contractors to compete for work in states that have adopted so-called reciprocal laws against non-resident bidders.

In 2008, Connecticut established a reciprocal preference statute (Subsection (b) of section 4e-48 (CGS)) requiring state contracting agencies awarding a contract to increase the bid by an amount equal to the preference given to an out-of-state business in its home state. S.B. 1133 seeks to make a significant change to the law by providing that, in determining the low bidder, the state shall add the greater of one-half of one percent to the original bid of the nonresident bidder or an amount equal to the percent of the preference given to the nonresident bidder in the state in which the nonresident bidder resides. This changes the equation. On the one hand, it means that regardless of whether or not the nonresident contractor resides in a state with a reciprocal preference law, that nonresident contractor will have a percentage penalty applied to its bid on Connecticut state work. On the other hand, it means that, if S.B. 1133 is enacted, that same percentage will be applied against Connecticut contractors when they bid for work in states that have reciprocal laws, potentially depriving them of much-needed work. Also, adopting percentage preference laws often come at the expense of fair and open competition and acquiring goods and services at the lowest possible price.

Thank you for your consideration and for the opportunity to present our views. For more information, contact John Butts at 860-529-6855.

